

What is

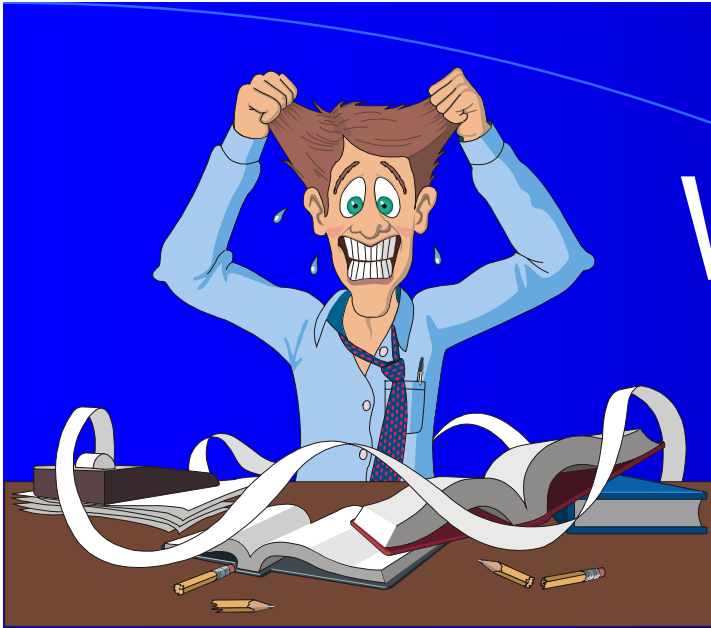
NAICS





# North American Industry Classification System


This new industrial classification system is being adopted by the United States, Canada, and Mexico.



# Why

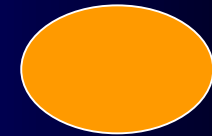
# Change?

The Standard Industrial Classification (SIC) coding system, which had served this nation well since its inception in the 1930's, has become outdated. As you know, our economy is much different now than the way it looked in the 1930's, so it's time to adjust how we classify today's businesses. The emergence of services is the driving force behind this change. The old SIC system was built around a manufacturing foundation, with services as an afterthought. In the past 30 years, services have risen to the prominent position in our economy, so the SIC system was not doing well classifying this evolution. Thus, NAICS is the development of a new classification system that recognizes these new service industries.



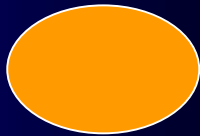
The new North American Industry Classification System (NAICS), makes substantial structural improvements and identifies over 350 new industries.

# Examples of New Industries Identified



Semiconductor machinery manufacturing  
Fiber optic cable manufacturing  
Reproduction of computer software  
Manufacture of compact discs except software  
Convenience stores  
Gas stations with convenience food  
Warehouse clubs  
Food/health supplement stores  
Pet supply stores  
Pet care services  
Cable networks  
Satellite communications  
Paging  
Cellular and other wireless communications  
Telecommunication resellers  
Credit card issuing

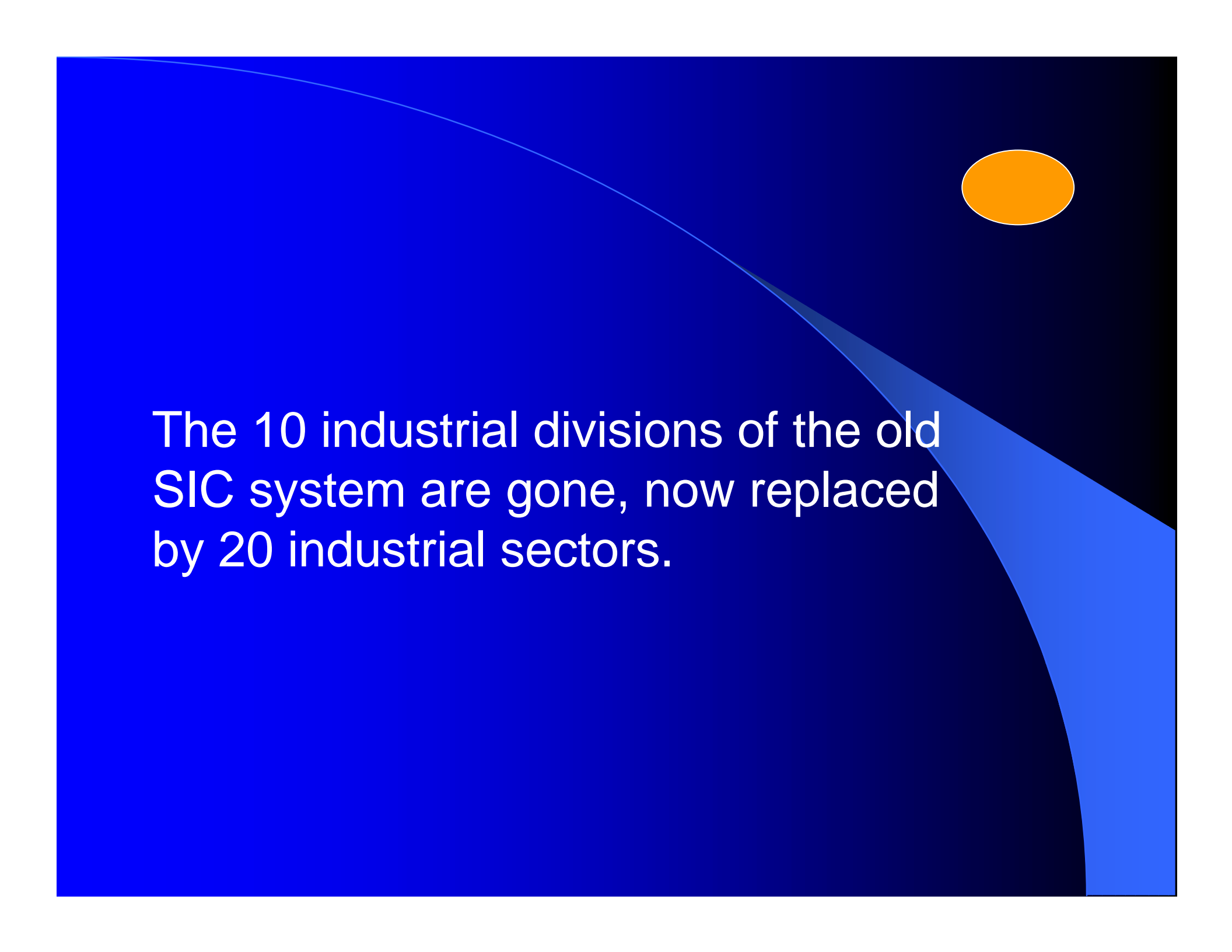
Temporary help supply  
Telemarketing bureaus  
Interior design services  
Industrial design services  
Hazardous waste collection  
HMO medical centers  
Continuing care retirement communities  
Casino hotels  
Casinos  
Other gambling industries  
Bed and breakfast inns  
Limited service restaurants  
Automotive oil change and lubrication shops  
Diet and weight reducing centers



At the same time, it will create  
a break in the time series of industrial  
employment data.

## “The Mother of All Data Breaks”

With the development of new industries and the reconstruction of many others, our ability to compare NAICS industry data with SIC data largely becomes incompatible. Retail trade under NAICS is not the same as retail trade under SIC. Manufacturing is not the same either. There are many other examples that could be named. Total employment numbers will be comparable. But it is the details under the total that have changed.



The 10 industrial divisions of the old SIC system are gone, now replaced by 20 industrial sectors.

## SIC

Agriculture, forestry, fishing

Mining

Construction

Manufacturing

Trans./Comm./Utilities

Wholesale Trade

Retail Trade

Finance/Ins./Real Estate

Services

Public Administration

Agriculture, Forestry, Fishing, Hunting

Mining

Construction

Manufacturing

Utilities

Transportation and Warehousing

Wholesale Trade

Retail Trade

Accommodation and Food Services

Finance and Insurance

Real Estate and Rental and Leasing

Information

Professional, Scientific, and Technical Services

Management of Companies and Enterprises

Administrative and Support, Waste Management Remediation Services

Education Services

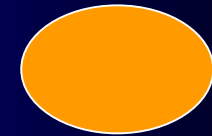
Health Care and Social Assistance

Arts, Entertainment, and Recreation

Other Services (except Public Administration)

Public Administration

## NAICS



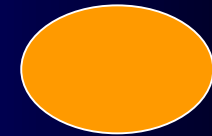




## SIC vs. NAICS

There is no relationship between the SIC and NAICS numbering systems.

# EXAMPLE



## SIC

334 Secondary Smelting  
and Refining of Non-  
ferrous metals

3341 Secondary Smelting  
and Refining of Non-  
ferrous Metals

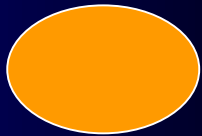
## NAICS

334 Computer and  
Electronic Product Manufacturing

3341 Computer and  
Peripheral Equip. Manufacturing

33411 Computer and  
Peripheral Equip. Manufacturing

334111 Electronic  
Computer Manufacturing



NAICS uses a six-digit coding system to identify particular industries.

The first two digits designate the sector.

The third designates the sub-sector.

The fourth digit designates the industry group.

The fifth digit designates the NAICS industry.

The sixth designates the national industry.

**The five-digit level is the level where the United States, Canada, and Mexico have all reached common agreement. The six-digit level is used by the individual countries for their own purposes. The following slide is an example of a NAICS hierarchy.**



C - Manufacturing

31 - 33 Manufacturing

336 – Transportation Equipment Manufacturing

3364 – Aerospace Product and Parts Manufacturing

33641 - Aerospace Product and Parts Manufacturing

336411 - Aircraft Manufacturing

336412 – Aircraft Engine Manufacturing

336414 – Guided Missile and Space Vehicle Manufacturing

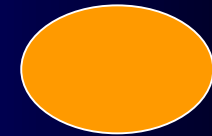
336415 - Guided Missile and Space Vehicle Propulsion Unit



NAICS is an establishment classification system, not a company classification system.

Many companies have different worksites within Utah, and oftentimes they perform differing activities from location to location. For example, Delta Airlines runs its airplane operation at the airport, but it also has a ticket-reservation call center in Utah. Under the SIC system, both locations were classified with the parent company in the transportation industry. NAICS, on the other hand, will make a distinction between the type of work done at the various locations, regardless of what the parent company's main activity is. Delta's airport operation will go under transportation, and the call center will go under a call center classification. This way, all the state's call centers - whether working for a hotel or an airline or a credit card company - will be classified together.

Qwest 2,800



517110 Wired Telecommunications Carriers 1,500

Information sector

551114 Corporate Office 1,300

Management of Companies and Enterprises

Here is an example of how Qwest would look under NAICS. Qwest has a headquarters operation in Salt Lake City, and it also has various worksites throughout the state that carry out its telecommunications business. Employment at the headquarters in Salt Lake City will be classified under Corporate Offices, while the remaining staff will be classified in the Information sector.

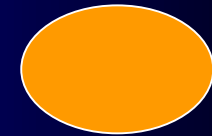
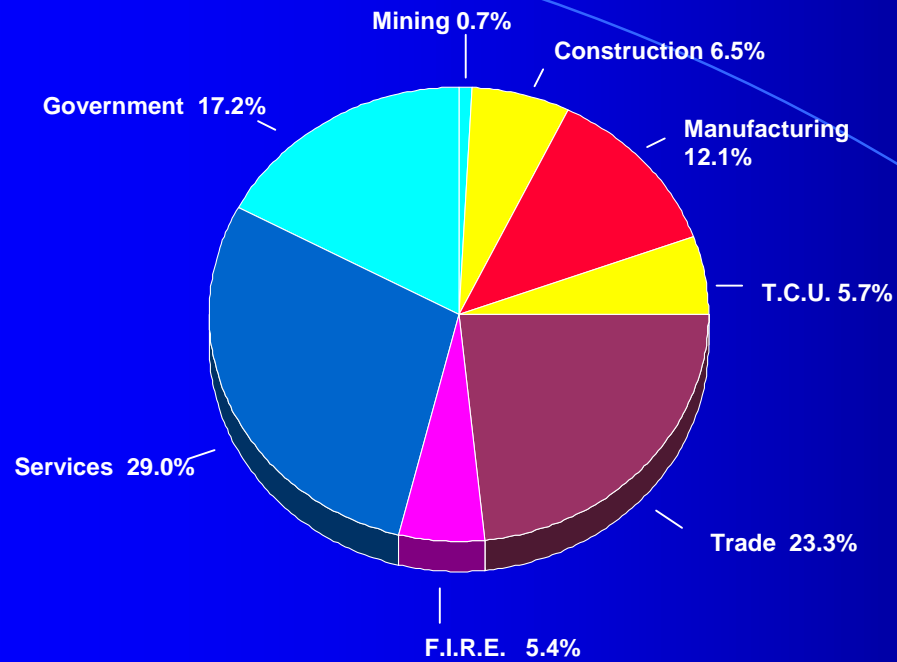


# THE SECTORS

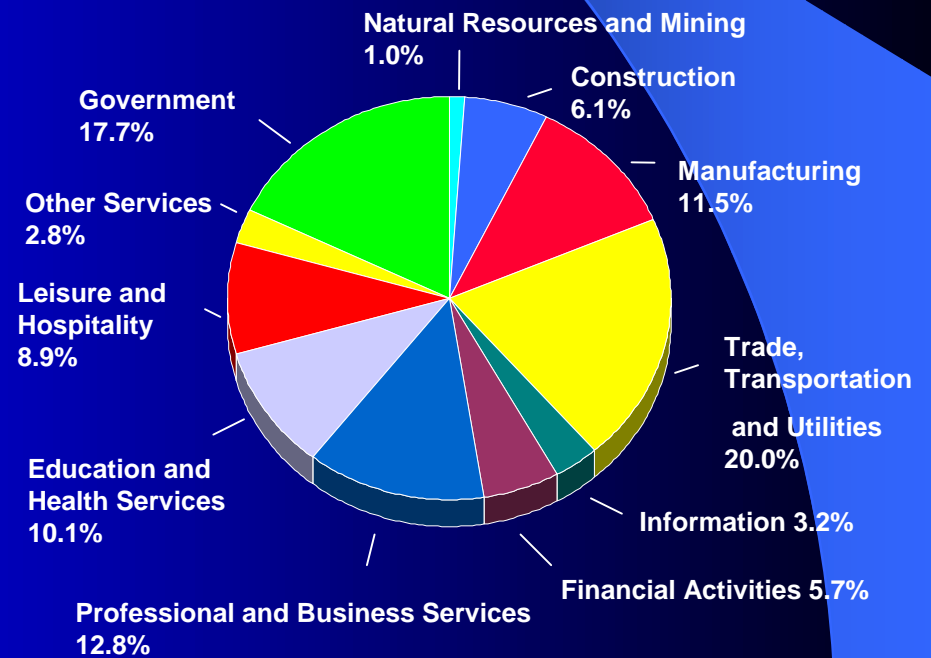
The remaining section of this slideshow deals with specifics of the various NAICS sectors. Agriculture and Mining are not presented only because they are unchanged from the SIC system to NAICS. As NAICS now divides the industrial picture into 20 sectors, some consolidation is suggested by the U.S. Bureau of Labor Statistics for ease of publication. This consolidation is represented on the next slide.








This slide is a visual of how the Utah economy is profiled under the old SIC system (above), and the new NAICS system (right).

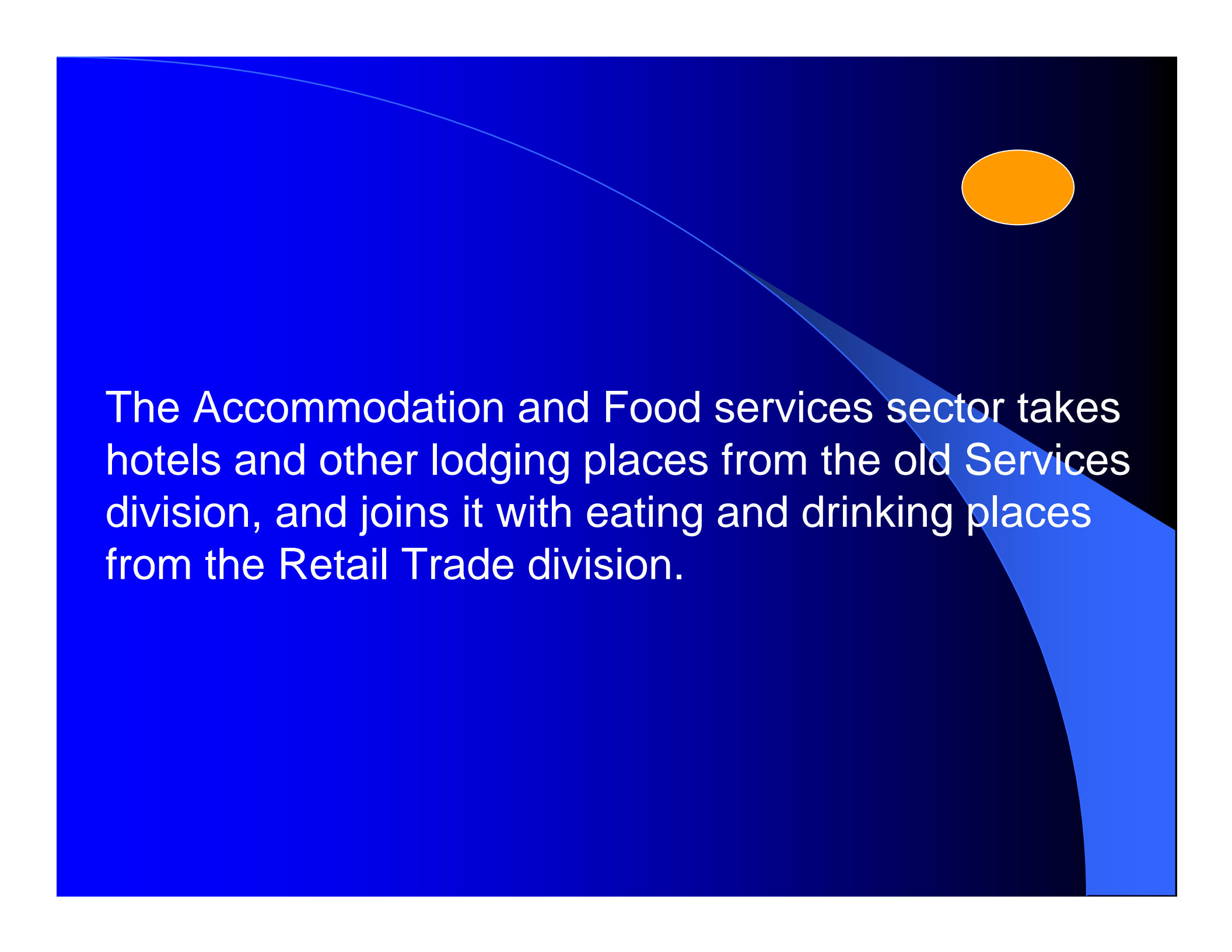




Many of the new sectors look much like they did under the SIC classification. These include Mining, Transportation, and Wholesale Trade.

The background of the slide is a gradient of blue, transitioning from a lighter blue on the left to a darker blue on the right. A large, thin, light blue arc curves across the top and right side of the slide. In the upper right corner, there is a solid orange oval. A bright blue, semi-transparent wedge shape points from the right edge towards the center of the slide, partially overlapping the text.

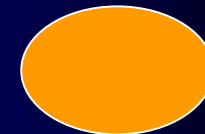
Other sectors represent combinations of pieces from more than one SIC division. For example, the new Information sector includes major components from Utilities, Manufacturing, and Services.



The Accommodation and Food services sector takes hotels and other lodging places from the old Services division, and joins it with eating and drinking places from the Retail Trade division.

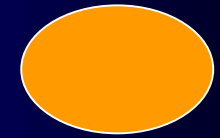
	SIC	NAICS
Construction	65,162	65,162
Manufacturing	129,367	123,704
Utilities	17,944	4,227
Transportation	42,898	43,706
Trade	248,370	171,662
Info.		34,149
Finance	59,257	61,594
Prof./Bus		137,459
Ed/Health		108,625
Leisure/Hospitality		96,464
Other Services		29,676
Government	190,447	190,447

313,839



This slide shows Utah's employment breakdown based upon the unique way each system identifies industries. You will notice how some NAICS sectors don't exist under the SIC system. Also notice how existing industries, like manufacturing and utilities, are redefined and how this impacts the employment numbers. This gives a visual of how the historical numbers of SIC will be uncomparable to NAICS.

## Utilities Sector 22

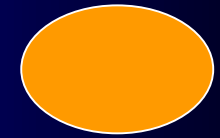


Comprises establishments engaged in the provision of utility services

Includes: electric power, natural gas, steam supply, water supply, and sewage removal

Moved out is communications and waste management

# Utilities Sector 22



Pacificorp

Questar

Intermountain Power

These are examples of existing companies that will be classified in the utilities sector. You will notice as you continue through this slideshow that at the end of each sector will be found a list of existing companies that will be found within that sector.

## Manufacturing

## Sector 31-33

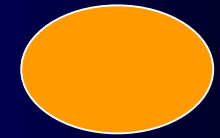


The Manufacturing sector is reorganized to achieve comparability with Canada and Mexico. Seventy-nine new industries are recognized and another 186 are revised. In all, there are 474 NAICS industries in manufacturing



## Manufacturing

## Sector 31-33

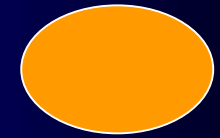


One major change within manufacturing is that the newspaper publishing industry has been moved out to Information (sector 51).

Also moved out is logging and sawmills (to forestry; sector 11), and the research and development activities of guided missile systems and aircraft (to scientific services; sector 54).

## Manufacturing

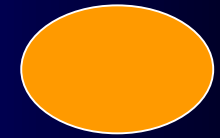
## Sector 31-33



A Computer and Electronic Product Manufacturing subsector has been created. These developing and prominent industries did not have their own classification in the SIC system. NAICS now recognizes them as a significant component in our present economy.

Manufacturing

Sector 31-33



Cordant Technologies

Alliant

Icon Health

Nestles

Huish Detergents


Geneva Steel



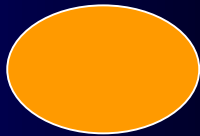
# The Trades

Wholesale    Sector 42

Retail    Sector 44-45



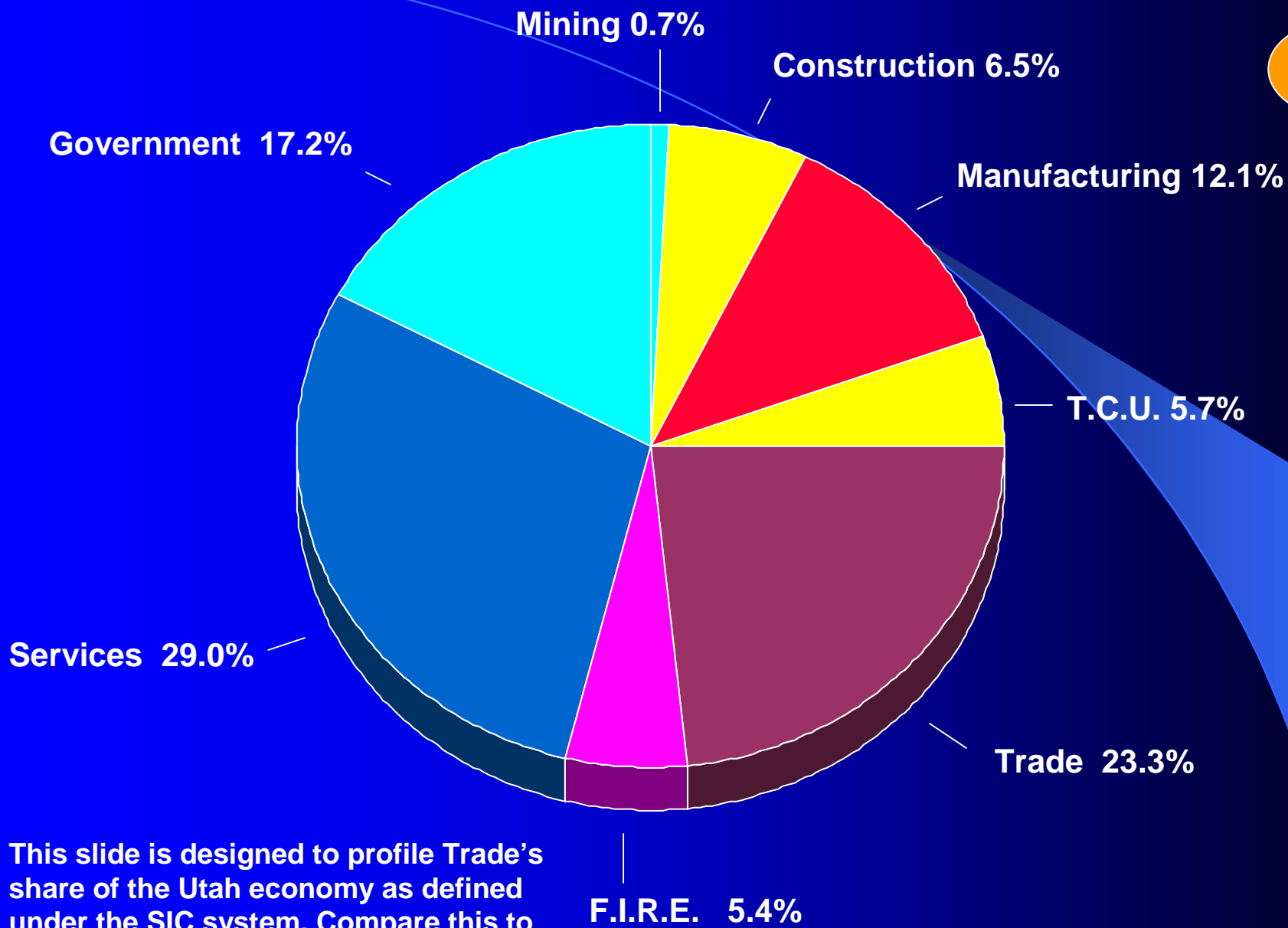
No real significant changes to the  
wholesale trade sector. Some minor  
movements from wholesale to retail.



Retail trade, on the other hand, lost restaurants. Also lost distribution centers.

This has the affect of reducing retail trade's share of total employment under NAICS by 30%, compared against SIC.

The moving out of distribution centers is another example of how NAICS identifies what happens at the worksite location, not what the parent company does. For example, the large Wal-Mart distribution center in Hurricane, Utah was formerly classified under the retail trade industry as that is the industry the parent company operated within. But NAICS will classify the distribution center of this retail trade firm (Wal-Mart) in the Warehousing sector. Wal-Mart's stores will be found in the retail trade sector.



This slide is designed to profile Trade's share of the Utah economy as defined under the SIC system. Compare this to the next slide which shows Trade's share under a NAICS profile.

**Natural Resources and Mining 1.0%**

**Construction 6.1%**

**Manufacturing 11.5%**

**Transportation  
Utilities 4.0%**

**Trade 16.0%**

**Information 3.2%**

**Financial Activities 5.7%**

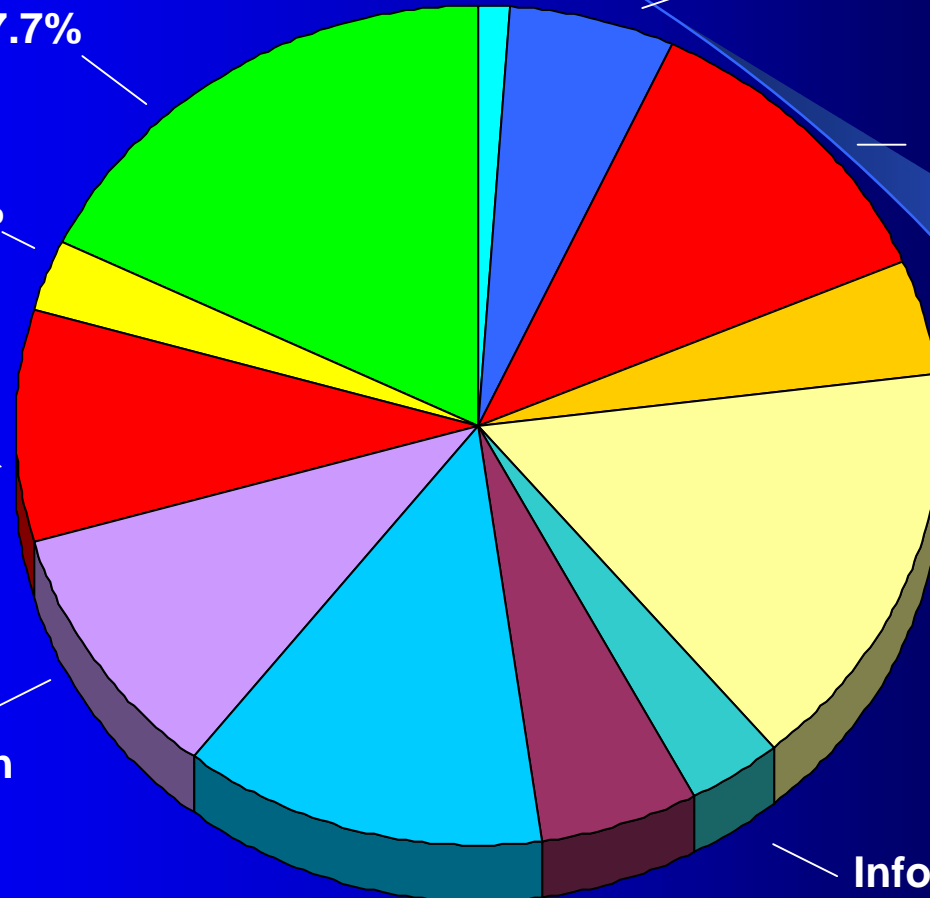
**Professional and Business Services 12.8%**

**Education and Health  
Services 10.1%**

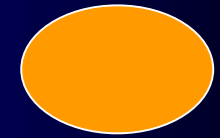
**Leisure and  
Hospitality 8.9%**

**Other Services 2.8%**

**Government 17.7%**







Some retail trade aspects moved to manufacturing

Custom Cabinets

Custom Furniture

Custom Drapes

Custom Tailors

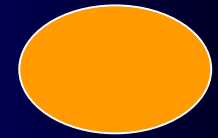
Custom Seamstresses



WHOLESALE CLUBS AND SUPERSTORES  
NOW HAVE THEIR OWN CLASSIFICATION

GASOLINE STATIONS WITH  
CONVENIENCE STORES NOW HAVE  
THEIR OWN CLASSIFICATION

## Trade Sector 42 - 45



Associated Foods

Nu Skin

Albertsons

RC Willey

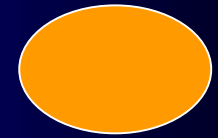
Wal Mart

Fred Meyer



# Transportation and Warehousing

Sectors 48 - 49



# Passenger and Freight Air Transportation are now classified in separate industries

This slide and the next are designed to highlight the level of detail that NAICS will portray as compared to the level of detail under the SIC system. Greater detail is a prominent characteristic of NAICS. As for the Transportation and Warehousing sector, it is not characterized with huge changes between NAICS and SIC. One prominent change though, is the formerly-mentioned movement of distribution centers away from the parent company's classification and into this sector.

The background is a solid blue color. A thin, light blue curved line starts from the top left and arcs towards the right side. In the upper right corner, there is a bright orange oval shape. A darker blue, wedge-shaped area is visible on the right side, pointing towards the center.

Distance Truckload (484151) vs. Less than  
Truckload (484122)

# Transportation and Warehousing

Sector 48 - 49

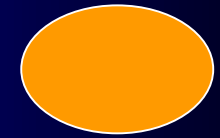
Delta Airlines

CR England

Union Pacific

United Parcel

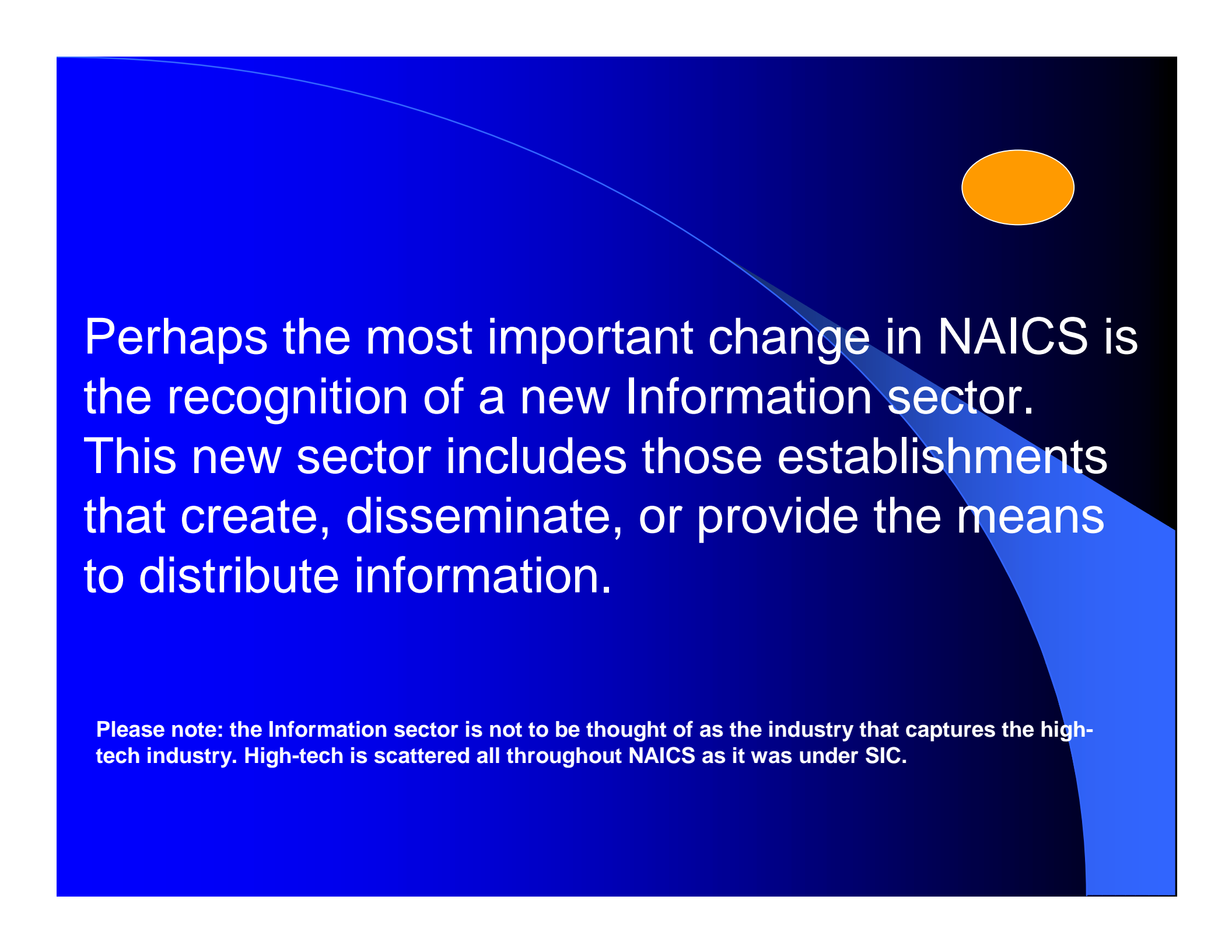
Wal-Mart Dist. Center






Information    Sector 51






Perhaps the most important change in NAICS is the recognition of a new Information sector. This new sector includes those establishments that create, disseminate, or provide the means to distribute information.

**Please note: the Information sector is not to be thought of as the industry that captures the high-tech industry. High-tech is scattered all throughout NAICS as it was under SIC.**



There are 34 industries included in this new subsector, 20 of which are new. Some of the new industries include paging, cellular and other wireless telecommunications, and satellite telecommunications.



The new Information sector includes major components from T.C.U. (broadcasting and telecommunications), Manufacturing (publishing), and Services (software publishing, data processing, information services, motion picture and sound recording).

## 4 Large Subsectors



Publishing

Motion Picture/Sound Recording

Broadcasting and Telecommunications

Information Services and Data Processing

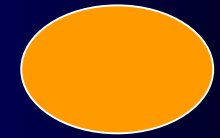
# Publishing

**Newspapers**

**Books**

**Greeting Cards**

**Software Publishers**



# Motion Picture/Sound Recording



**Motion Picture**

**Theaters**

**Teleproduction**

**Record production**

**Music Publishers**

**Sound Recording Studios**



# Broadcasting and Telecommunications

**Radio and Television**

**Cable Networks**

**Wired and Wireless Telecommunications**

**Paging**

**Satellite**



# Information Services and Data Processing

**News Syndicates**

**Libraries**

**Internet Service Providers**

**Data Processing**



Software publishers:

Novell

Ingenix

Ameritech Library Services



Motion picture/sound recording:

ESPSG Talent Services

Utah Theatrical

Telecommunications:

McLeod

Pagenet

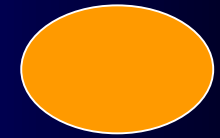
Qwest

Information Services/Data Processing

Unibase Data Entry

AOL

LDS Geneology



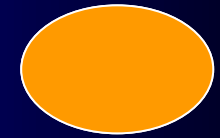
## Finance Activities

Finance and Insurance 52

Real Estate and Rental and Leasing 53

Not much change within the Finance and Insurance classification. The only significant change here is Rental and Leasing companies joined with the Real Estate industry. As is probably to be expected in any classification system, there are some unique marriages.

## Finance Activities Sector 52 - 53



Novus

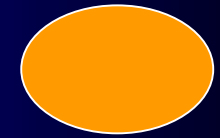
Zions Bank

American Express

Blockbuster Video

Century 21

Enterprise Rent-a-Car



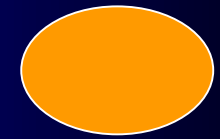
# Professional and Business Services

Professional/Scientific/Technical	54
Management of Companies and Enterprises	55
Administration and Support and Waste Management and Remediation Services	56



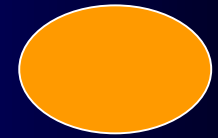
## Professional/Scientific/Technical 54

Those businesses whose major input is human capital are grouped together in this new sector. The industries within this sector are each defined by the expertise and training of the service provider. Forty-seven industries are grouped in this sector, 28 of which are new.



## Professional/Scientific/Technical

These activities require a high degree of expertise and training. These establishments make available the knowledge and skills of their employees. In most of these establishments, equipment and materials are secondary.



## Professional/Scientific/Technical 54

PGM Inc.

Sento Technologies

Alorica

Western Wats Interviewing

3M

Myriad Genetics

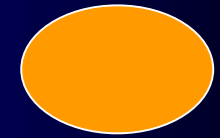


## Management of Companies and Enterprises 55

Most of this is the corporate headquarters activities of companies. For example, Qwest employment will be found in Information (51), but its corporate headquarters employment will be found in this NAICS division.

Utah companies with headquarter operations in Utah, along with other worksites, will find their headquarter operations classified in this sector, and their worksites classified in the parent company's major industry. Zions Bank headquarters' employment will be found here, while employment in its banking locations will be in the Finance sector.





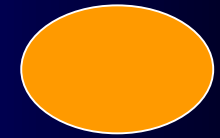
# Management of Companies and Enterprises 55

Kiddie Kandids

Huntsman Corp

Questar Corp

Qwest



## Administrative and Support and Waste Management and Remediation Services 56

Sector comprises establishments performing routine support activities for the day-to-day operations of other organizations; some done in-house. The establishments in this sector specialize in one or more of these support activities.

Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

Temporary Help  
Employee Leasing Services

Telemarketing

Travel Agents

Convention Bureaus

Guards and Investigators

Janitor

Landscaping

Waste Collection

Hazardous Waste Collection

Hazardous Waste Treatment and Disposal

Solid Waste Landfill

Remediation



**This sector is probably one of the most unique marriages found within NAICS. The list at left shows the variety of businesses that are found in this sector.**



# Administrative and Support and Waste Management and Remediation Services 56

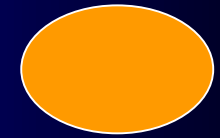
Convergys

Communications & Commerce

SOS Staffing

Envirocare of Utah

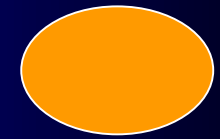
Safety Kleen



# Education and Health Services

Education Services 61

Health Care and Social Assistance 62



# Education Services 61

Elementary and Secondary schools

Junior Colleges

Universities

Computer schools

Technical schools

Flight training

Fine Arts schools

Language schools

**Education services is self-explanatory. Please note that these are private education companies. Public education will be classified as education but with a government ownership identifier.**



Education Services 61

BYU

Franklin Covey

Westminster College

Challenger Schools



## Health Care and Social Assistance 63

Health and Social Assistance recognizes that it is sometimes difficult to distinguish between the boundaries of health care and social assistance; therefore, NAICS groups these industries together.

There are 39 industries in this new sector, 27 of which are new. Some of the new industries include HMO Medical Centers, Family Planning Centers, Blood and Organ Banks, Diagnostic Imaging Centers, Continuing Care Retirement Communities, and Community Food Services. The sector also includes ambulance services transferred from T.C.U.



## Health Care

Physicians

Dentists

Chiropractors

Optometrists

Outpatient Care Centers

Mental Health

HMO

Medical Labs

Home Health Care

Ambulance Services

Hospitals

Nursing Care

Residential Care

## Social Assistance

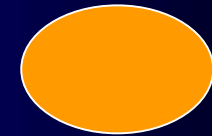
Child and Youth Services

Community Food Services

Emergency Services

Vocational Rehabilitation Services

Child Day Care Services





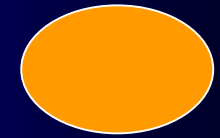
## Health Care and Social Assistance 63

Intermountain Health

Associated Regional Pathologists

LDS Hospital

Salt Lake Valley Mental Health

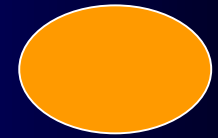


# Leisure and Hospitality

Arts, Entertainment, Recreation 71

Accommodation and Food Services 72

# Arts, Entertainment, Recreation 71



Delta Center

Alta

Hogle Zoo

Lagoon

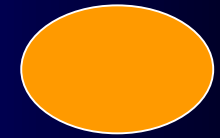
Utah Symphony

Tree House Athletic Club

Ritz Bowling

Largely self-explanatory. Note that Alta ski resort is found here.

## Accommodation and Food Services 72



Snowbird

Little America

Bed and Breakfast

Red Rock

Burger King

Denny's

Green Street Social Club

Then note that Snowbird is found here. If a ski resort also includes lodging facilities, they will be classified in this sector.



## Other Services 81

The obligatory catch-all category. This sector includes industries from Services; Agriculture, Forestry, and Fishing; Manufacturing; and Finance, Insurance, and Real Estate.



Automotive Repair

Auto Body, Paint, Glass

Lube, Oil, and Filter

Car Washes

Electronic and Precision Equipment Repair

Commercial and Industrial Machinery and Equipment  
repair and maintenance

Furniture repair

Shoe repair

Personal services

Funeral Homes

Laundry



Pet Care

Photofinishing

Parking Lots

Religious

Social Advocacy Organizations

Human Rights Organizations

Wildlife Organizations

Civic and Social Organizations

Business Associations

Labor Unions

Political Organizations





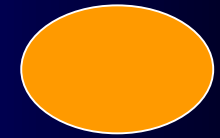
# Public Administration 91

Federal

State

Local

This includes all government activities, and is not different than how government was classified under the SIC system.



Utah's businesses are being re-identified under a NAICS classification. Employment data and the State's employment growth will be published under a NAICS format starting in 2002.

The NAICS system will be updated every five years to capture new and emerging industries.